

BA (HONS) ECONOMICS
5th SEMESTER
DISCIPLINE SPECIFIC COURSE-II (CORE-12)
ECH520C2: ECONOMICS OF GROWTH

CREDITS: THEORY: 4, TUTORIAL: 2
MAX. MARKS: THEORY: 60, TUTORIAL: 30

THEORY (4 CREDITS; 60 HOURS)

***Course Description:** This is a core course of 06 credits (04 units of 01 credit each and tutorials of 2 credits).*

***Course Objectives:** This is the first part of a two-part course on economic development. The course begins with a discussion of alternative conceptions of development and their justification. It then proceeds to aggregate models of growth and cross-national comparisons of the growth experience that can help evaluate these models. The axiomatic basis for inequality measurement is used to develop measures of inequality and connections between growth and inequality are explored. The course ends by linking political institutions to growth and inequality by discussing the role of the state in economic development and the informational and incentive problems that affect state governance.*

***Course Outcomes:** This course introduces students to the basics of development economics, with in depth discussions of the concepts of development, growth, poverty, inequality, as well as the underlying political institutions.*

Unit I: Concept and Measurement (15 Hours)

Economic growth: concept and measurement, Factors affecting economic growth, Empirical Facts of Economic Growth (Kuznet's Observations); The Production-Function Approach to Causes of Growth; Technological progress: Meaning, Nature and Classification: Hicks & Harrod, Embodied & Disembodied.

Unit II: Classical Theories of Economic Growth (15 Hours)

Quesnay's theory; Adam Smith's; Malthus theory of Effective Demand and Growth; David Ricardo; Marx's theory of Declining Rate of Profit and Collapse of Capitalism.

Unit III: Exogenous Economic Growth Models (15 Hours)

Harrod model, Domar model, Problem of instability; Solow- Swan model: The Basic Structure, The Fundamental Equation of the Solow-Swan Model, The Steady State and The Golden Rule of Capital Accumulation; Technology and Solow - Swan model; Absolute and Conditional Convergence.

Unit IV: Endogenous Economic Growth Models (15 Hours)

Endogeneity of Growth; Human Capital; The AK Model; Romer's Model; Lucas's model of Growth.

Tutorials (2 Credits)

- Population & Economic Growth in India
- Theory of Surplus Value
- Harrod & Domar Model & India's first five year plan.
- Human Capital & Economic Growth.

Basic References

1. Barro, Robert J. and Sala-i-Martin, Xavier. Economic Growth, Prentice Hall of India Private Limited, 2nd edition, 2007.
2. Jones, C.I, Introduction to Economic Growth, W W Norton & Co. 2002
3. Jones, H.G, An Introduction to the modern theory of Economic Growth, Thomas Nelson and Sons.
4. Thirlwall, A. P. (2014), Growth and development, Palgrave MacMillan, U.K
5. Walter Eltis. The Classical Theory of Economic Growth, Palgrave McMillan, Second edition, 2000
6. Chakraverti, S, Alternative Approaches to the Theory of Economic Growth, Oxford University Press, New Delhi, 1982.

**Additional Readings are available with the concerned teacher.*